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INFO RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY

UNCLAS PHNOM PENH 000484

SIPDIS

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EB/ESC/TFS--KATHERINE LEAHY AND LEANNE CANNON, S/CT--PATTY
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TAGS: [EFIN](#) [SNAR](#) [CB](#)

SUBJECT: CAMBODIAN RESPONSE TO CASH COURIERS DEMARCHE

REF: STATE 16120

¶1. (SBU) Poleconoff presented reftel demarche to Pen Simanh, Director General of Customs and Excise Department, on March 27. Pen Simanh noted that in the past three years, there have been 16 cases of illegal cash smuggling, all discovered at the Phnom Penh International Airport and all destined for other Asian countries. The total amount recovered in these cases was USD 1.2 million and Thai Baht 100,000. Under Cambodian law, seized money is counted, the offender pays a 10% fine, and the remaining money is returned to the offender. Most of Cambodia's 60 border crossings are not used for cash smuggling, he asserted--only the land crossings at Poipet, Bavet and Cham Yiem and the Phnom Penh International Airport are entry/exit points for cash, and that is largely to serve gamblers. Drug traffickers in Cambodia are not involved in money laundering, he said.

¶2. (SBU) Describing cash couriers and money laundering as "developed world concerns," he explained that his priority--as in other developing countries--was the smuggling of goods. The Director General said that customs agents at both the airports and the land border crossings checked 2-5% of travelers for customs violations, using 28 risk indicators to determine which passengers should be scrutinized. A government circular from October 2006 established an anti-money laundering and terrorist financing working group, but this group had done more paperwork than implementation so far, he noted. The Director General said at one point that he had qualified staff but lacked the appropriate screening equipment. Later in the conversation, however, he asked for the USG to fund long-term training of his staff members, noting that France, Japan, Australia, and Singapore had already provided training but the U.S. had not.

¶3. (SBU) Two members of a joint World Bank/Asia Pacific Group assessment team recently told Poleconoff that while Cambodia requires anyone bringing USD 10,000 or more in to the country to declare the cash in their possession on arrival, the system is ineffective: data are collected but never verified or analyzed; and no similar requirement exists for taking money out of Cambodia. When asked by Poleconoff about how these data are used, Pen Simanh stated that there is no effective mechanism for collaboration.

¶4. (SBU) COMMENT. Like other areas of financial regulation, Cambodia lacks the political will and expertise to effectively counter illicit cash couriers (see septel). While the passage of an anti-money laundering law would be a positive step, existing laws which already require travellers to declare any sum above USD 10,000 that they are transporting provide an adequate legal platform for improved enforcement. END COMMENT
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